

TOWNSHIP OF NADEAU 3/04
(memorandum)
REPORT ON FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION
YEAR ENDED MARCH 31, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name NADEAU TOWNSHIP	County MENOMINEE
Audit Date MARCH 31, 2004	Opinion Date JUNE 25, 2004	Date Accountant Report Submitted to State: JUNE 25, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised 2004.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X


Certified Public Accountant (Firm Name)
RAY PAYMENT, CPA

Street Address
1217 LUDINGTON STREET

City
ESCANABA

State
MI

ZIP
49829

Accountant Signature


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June 25, 2004

INDEPENDENT AUDITOR'S REPORT

Honorable Township Board
Township of Nadeau
Menominee County, Michigan

I have audited the general purpose financial statements of Nadeau Township, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 2, the Township of Nadeau prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Michigan, which is a comprehensive basis of accounting other than generally accepted accounting principles.

As described more fully in Note 2, the Township has not maintained a record of its general fixed assets and, accordingly, the General Fixed Asset Account Group is not included in this report, as required by generally accepted accounting principles.

Management has not presented government-wide statements to display the financial position and changes in financial position

June 25, 2004

of its governmental activities, business-type activities, and discretely presented component units. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Township's governmental activities and business-type activities are not reasonably determinable.

In my opinion, except for the effects of the omission of the general fixed assets and governmental-wide statements, as discussed above, the financial statements referred to in the first paragraph present fairly, in all material respects, only the cash and unencumbered cash balances of each of the Township's fund types at March 31, 2004, and revenues received and the expenditures paid of such fund types are discussed in the third paragraph, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated June 25, 2004, on my consideration of Nadeau Township's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

I conducted my audit for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary data are presented for the purpose of additional analysis and are not a required part of the financial statements of Nadeau Township, Michigan. Such information has been subjected to the auditing procedures applied in the examination of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Ray L. Payment
Certified Public Accountant

TOWNSHIP OF NADEAU
COMBINED BALANCE SHEET - CASH BASIS
ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

	<u>Governmental Fund Types</u>		<u>Account Groups</u>
	<u>General</u>	<u>Special Revenue</u>	<u>General Long- Term Debt</u>
ASSETS:			
Cash and C.D.'s	\$ 213 170	\$ 28 510	\$ -
Amount to be provided for retirement of general long- term debt	<u>-</u>	<u>-</u>	<u>97 935</u>
TOTAL ASSETS	<u>\$ 213 170</u>	<u>\$ 28 510</u>	<u>\$ 97 935</u>
LIABILITIES:			
Bonds Payable - U.S.D.A.	\$ -	\$ -	\$ 97 935
FUND EQUITY:			
Fund balances			
- unrestricted	\$ 194 945	\$ 28 510	\$ -
- restricted	<u>18 225</u>	<u>-</u>	<u>-</u>
TOTAL FUND EQUITY AND LIABILITIES	<u>\$ 213 170</u>	<u>\$ 28 510</u>	<u>\$ 97 935</u>

TOWNSHIP OF NADEAU
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
 AND CHANGES IN FUND BALANCES - CASH BASIS
 ALL GOVERNMENTAL FUND TYPES
 FOR YEAR ENDED MARCH 31, 2004

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
CASH RECEIPTS:		
Current property taxes	\$ 27 724	\$ 18 489
Delinquent taxes	4 120	2 241
Liquor license fees	-	1 265
State revenue sharing	68 642	-
Swamp tax	1 200	-
Charges for services - fire	-	8 979
Tax collection fees and penalties	10 318	-
Interest	2 867	529
Reimbursements and miscellaneous	2 192	1 200
Cemetery lots sales and burials	3 675	-
Fire equipment grant	-	130 500
	<u>120 738</u>	<u>163 203</u>
TOTAL RECEIPTS		
CASH DISBURSEMENTS:		
Legislative:		
Township board expenses and trustees	6 242	-
General Government:		
Township supervisor	6 464	-
Tax roll preparation and collection	4 809	-
U.S.D.A. loan payments	7 043	-
Assessor and expense	15 821	-
Insurance	9 750	-
Township clerk	5 537	-
Board of Review	548	-
Treasurer	6 220	-
Township Hall and custodian	5 160	-
Social security tax	3 684	-
Building and capital outlay	2 035	-
Audit	1 600	-
Liquor Law enforcement	-	1 265
Fire protection	-	187 939
Highways, roads and street lights	28 426	-
Cemetery	8 324	-
Recreation and parks	1 501	-
	<u>113 164</u>	<u>189 204</u>
TOTAL DISBURSEMENTS		
EXCESS OF REVENUES OVER (UNDER) DISBURSEMENTS	\$ 7 574	\$ (26 001)
FUND BALANCE, April 1, 2003	<u>205 596</u>	<u>54 511</u>
FUND BALANCE, March 31, 2004	<u>\$213 170</u>	<u>\$ 28 510</u>

See accompanying notes to financial statements.

TOWNSHIP OF NADEAU
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CASH BASIS
 GENERAL AND SPECIAL REVENUE FUNDS
 MARCH 31, 2004

	General Fund		
	Actual Amount	Budget Amount	Variance Favorable (Unfavorable)
CASH RECEIPTS:			
Property taxes	\$ 31 844	\$ 38 174	\$ (6 330)
Liquor license fees	-	-	-
State revenue sharing	68 642	74 727	(6 085)
Swamp tax	1 200	1 200	-
Tax collection fees	10 318	4 100	6 218
Interest	2 867	3 970	(1 103)
Cemetery	3 675	2 050	1 625
Reimbursements & miscellaneous	2 192	104	2 088
Fire equipment grant	-	-	-
TOTAL RECEIPTS	<u>120 738</u>	<u>124 325</u>	<u>(3 587)</u>
CASH DISBURSEMENTS:			
Township board expenses and trustees	6 242	7 932	1 690
Elections	-	15	15
Supervisor	6 464	6 465	1
Clerk	5 537	5 535	(2)
Treasurer	6 220	6 220	-
Cemetery	8 324	8 324	-
Assessor	15 821	16 222	401
Board of review	548	749	201
Township hall and custodian	5 160	5 955	795
Audit	1 600	1 600	-
Liquor law enforcement	-	-	-
Tax roll preparation & collection	4 809	4 980	171
Fire Protection	-	-	-
Highways, roads & street lights	28 426	31 170	2 744
Social security tax	3 684	3 843	159
Insurance	9 750	9 750	-
Recreation and parks	1 501	1 720	219
Equipment, building and loan payments	<u>9 078</u>	<u>9 364</u>	<u>286</u>
TOTAL DISBURSEMENTS	<u>113 164</u>	<u>119 844</u>	<u>6 680</u>
EXCESS OF REVENUES OVER (UNDER) DISBURSEMENTS	\$ 7 574	\$ 4 481	\$ 3 093
FUND BALANCE, April 1, 2003	<u>205 596</u>	<u>205 596</u>	<u>-</u>
FUND BALANCE, March 31, 2004	<u>\$213 170</u>	<u>\$210 077</u>	<u>\$ 3 093</u>

See accompanying notes to financial statements.

<u>Special Revenue Funds</u>		
<u>Actual Amount</u>	<u>Budget Amount</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 20 730	\$ 20 000	\$ 730
1 265	935	330
-	-	-
-	-	-
-	-	-
529	-	529
-	-	-
10 179	-	10 179
<u>130 500</u>	<u>130 500</u>	<u>-</u>
<u>163 203</u>	<u>151 435</u>	<u>11 768</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
1 265	935	(330)
-	-	-
187 939	187 939	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>189 204</u>	<u>188 874</u>	<u>(330)</u>
\$(26 001)	\$(37 439)	\$ 11 438
<u>54 511</u>	<u>54 511</u>	<u>-</u>
<u>\$ 28 510</u>	<u>\$ 17 072</u>	<u>\$ 11 438</u>

TOWNSHIP OF NADEAU
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 1 - REPORTING ENTITY

Nadeau Township is located in Menominee County and provides services to its residents in many areas including community enrichment and development, and human services. In accordance with the provisions of NCGA Statement 3, certain other governmental organizations are not considered to be part of the Township entity for financial reporting purposes. The criteria established by the NCGA for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, accordingly, the financial statements of certain other governmental organizations are not included in the financial statements of the Township. Educational services are provided through the School System which is a separate governmental entity and, therefore, not presented in the financial statements included herein.

BASIS OF PRESENTATION

The financial activities of the Township are recorded in separate funds, categorized as follows:

GOVERNMENTAL FUNDS

General Fund

This fund is used to account for all financial transactions except those provided for in another fund. The Fund includes the general operating expenditures of the Township. Revenues are primarily derived from property taxes, State grants and other intergovernmental revenues.

FIDUCIARY FUNDS

Agency Funds

These funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or funds. The Agency Funds are the Current Tax Collection Fund and Trust and Agency Fund.

SPECIAL REVENUE FUNDS

Liquor Fund and Fire Fund

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

TOWNSHIP OF NADEAU
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Nadeau Township do not conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies.

BASIS OF ACCOUNTING

Governmental Funds

The accounting policies of Nadeau Township do not conform to generally accepted accounting principles as applicable to governmental units in that the cash basis of accounting is utilized by the governmental fund rather than the modified accrual basis of accounting. Consequently, certain revenue and related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred.

Fiduciary Funds

The Fiduciary Fund is maintained on a cash basis which is consistent with the accounting measurement objectives of the funds. Reporting these funds on a cash basis does not have an effect materially different from reporting them on the accrual or modified accrual basis as required by generally accepted accounting principles.

Budgets and Budgetary Accounting

A budget is adopted by the Township Board for the General Fund and Special Revenue Funds based on anticipated required cash disbursements for the fiscal year April 1, 2003 through March 31, 2004, which is consistent with the cash basis of accounting for governmental fund types. The budget is adopted at the line item level. The Township Board is authorized to transfer budgeted amounts within and among departments. Subsequent to year-end, the board adopts an amended budget approving any transfers among departments or additional expenditures. The amounts budgeted are presented on page 7. All appropriations lapse at fiscal year-end.

PROPERTY TAXES

The Township's 2003 ad valorem tax was levied and collectible on December 31, 2003. It is the Township's policy to recognize revenues from the current tax levy in the current year when the proceeds of this levy are budgeted and made available for the financing of Township operations. Payment from the county which purchases the 2003 delinquent taxes was recognized as revenues when received in cash. (See schedule on page 15 for levy breakdown and millage rates).

TOWNSHIP OF NADEAU
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 3 - CASH AND INTEREST-BEARING DEPOSITS

Deposits are carried at cost. Deposits of the Township are in one bank in the name of Nadeau Township Treasurer. Michigan complied Laws, Section 124.91, authorizes the Township Treasurer to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities, and direct obligations of the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreement; banker's acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rates by tow standard rating agencies within the three highest classifications, which matures not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. The Township's deposits are in accordance with statutory authority.

Governmental Accounting Standards Board (GASB) Statement No. 3 Risk Disclosure for the Township's cash deposits are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>
Insured (FDIC)	\$ 110 529
Non-insured	<u>131 151</u>
TOTAL DEPOSIT	<u>\$ 241 680</u>

NOTE 4 - USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWNSHIP OF NADEAU
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 5 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Township purchases insurance coverage through a carrier. This plan purchases reinsurance for all risks. The Township's expense is to pay only the annual premium. In addition, the Township purchases worker's compensation insurance.

NOTE 6 - RESTRICTED FUND BALANCE

The restricted portion of the General Fund Balance is for the Township's Cemetery maintenance in the amount of \$14,604 and Bond and Interest redemption in the amount of \$3,621.

NOTE 7 - GENERAL LONG-TERM DEBT

The following is a summary of the general long-term debt of the Township for the year ended March 31, 2004.

Bonds Payable - U.S.D.A.

Original issue date August 1, 2002 in the amount of \$130,000 for the purpose of purchasing furnishing and remodeling a new Town hall building for Township purposes.

2002 GENERAL OBLIGATION LIMITED TAX BOND DEBT

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>
8/1/04	\$ 2 000	4.75%	\$ 2 565	\$ 4 565
2/1/05	-	4.75%	2 518	2 518
8/1/05	2 000	4.75%	2 517	4 517
2/1/06	-	4.75%	2 470	2 470
8/1/06	3 000	4.75%	2 470	5 470
2/1/07	-	4.75%	2 399	2 399
8/1/07	3 000	4.75%	2 398	5 398
2/1/08	-	4.75%	2 327	2 327
8/1/08	3 000	4.75%	2 328	5 328
8/1/09 - 8/1/30	<u>84 935</u>			
TOTAL	\$ 97 935			

The bond ordinance requires the interest and bond redemption requirements for the year be deposited in the bond and interest redemption fund as it matures. The Township's balance at March 31, 2004 in this account was \$3,621.

TOWNSHIP OF NADEAU
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
MARCH 31, 2004

	<u>Liquor Fund</u>	<u>Fire Fund</u>
CASH	\$ -	\$ 28 510
	<hr/>	<hr/>
FUND BALANCE	\$ -	\$ 28 510
	<hr/>	<hr/>

TOWNSHIP OF NADEAU
 COMBINING STATEMENT OF CASH RECEIPTS
 DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
 ALL SPECIAL REVENUE FUNDS
 YEAR ENDED MARCH 31, 2004

	<u>Liquor Fund</u>	<u>Fire Fund</u>
CASH RECEIPTS:		
Current taxes	\$ -	\$ 18 489
Delinquent taxes	-	2 241
Liquor license fee	1 265	-
Charges for services - fire	-	8 979
Reimbursements and miscellaneous	-	1 200
Interest	-	529
Fire equipment grant	<u>-</u>	<u>130 500</u>
TOTAL CASH RECEIPTS	<u>1 265</u>	<u>161 938</u>
CASH DISBURSEMENTS:		
Liquor law enforcement	1 265	-
Fire protection and equipment	-	177 939
U.S.D.A. Loan payment	<u>-</u>	<u>10 000</u>
TOTAL CASH DISBURSEMENTS	<u>-</u>	<u>187 939</u>
EXCESS OF CASH RECEIPTS (UNDER) OVER DISBURSEMENTS	\$ -	\$ (26 001)
FUND BALANCE, April 1, 2003	<u>-</u>	<u>54 511</u>
FUND BALANCE, March 31, 2004	<u>\$ -</u>	<u>\$ 28 510</u>

TOWNSHIP OF NADEAU
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL FIDUCIARY FUND TYPES
MARCH 31, 2004

<u>CURRENT TAX COLLECTION FUND</u>	<u>Balance April 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 2004</u>
<u>ASSETS</u>				
Cash	\$ -	\$ 650 012	\$ 650 012	\$ -
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 650 012</u>	<u>\$ 650 012</u>	<u>\$ -</u>
<u>LIABILITIES</u>				
Due to other taxing units:				
Township of Nadeau -				
General Fund	-	\$ 34 418	\$ 34 418	\$ -
Fire Fund	-	18 489	18 489	-
Menominee County	-	173 542	173 542	-
Intermediate School				
District	-	44 399	44 399	-
State of Michigan	-	102 354	102 354	-
Area Schools	<u>-</u>	<u>276 810</u>	<u>276 810</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 650 012</u>	<u>\$ 650 012</u>	<u>\$ -</u>

TOWNSHIP OF NADEAU
SCHEDULE OF ASSESSED VALUATIONS, TAX RATES AND TAX LEVIES
YEAR ENDED MARCH 31, 2004

	<u>Nadeau Township General Fund</u>	<u>Nadeau Township Fire Fund</u>
Taxable valuation	\$ 22 082 654	\$ 22 082 654
Millage rate	<u>1.4481</u>	<u>.9654</u>
Tax Levy	31 970	21 311
Taxes returned delinquent	<u>4 246</u>	<u>2 830</u>
Current tax collection	<u>\$ 27 724</u>	<u>\$ 18 481</u>

<u>Menominee County</u>	<u>Area Schools</u>	<u>Intermediate Schools</u>	<u>State of Michigan (S.E.T.)</u>
\$ 22 082 654	\$ 22 082 654	\$ 22 082 654	\$ 22 082 654
<u>9.0419</u>	<u>24.9418</u>	<u>2.3178</u>	<u>5.0000</u>
199 646	314 583	51 175	110 410
<u>26 512</u>	<u>38 045</u>	<u>6 796</u>	<u>8 316</u>
<u>\$ 173 134</u>	<u>\$ 276 538</u>	<u>\$ 44 379</u>	<u>102 094</u>

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June 25, 2004

PROFESSIONAL BUILDING
STEPHENSON, MICHIGAN 49887
PHONE: 906-753-4700

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
"GOVERNMENT AUDITING STANDARDS"

Nadeau Township Board
Nadeau Township
Menominee County, MI

I have audited the general purpose financial statements of Nadeau Township as of and for the year ended March 31, 2004, and have issued my report thereon dated June 25, 2004. I conducted my audit in accordance with auditing standards accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Nadeau Township's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit I considered Nadeau Township's internal control over financial reporting in order to determine my audit procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matter in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a

June 25, 2004

relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Ray L. Payment
Certified Public Accountant